

Indian Energy Exchange in talks for gas venture stake sale, says CEO

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Indian Energy Exchange Ltd. is in talks with strategic investors to sell a minority stake in its fledgling gas unit.

The largest electricity trading platform in India may sell as much as 49 per cent in the venture in a series of deals, Rajiv Srivastava, CEO of IEX said in an interview. The first accord may be signed in three months, he said. State-run gas supplier GAIL India Ltd. in June said it was considering buying a stake.

The zero-debt company is pinning its hopes on India's plans to expand the use of natural gas to quell chronic air pollution choking its cities. The government aims to raise the share of gas in its energy mix to 15 per cent over the next decade from about 6 per cent and is seeking \$60 billion of invest-

ment in pipelines, city distribution and import terminals.

Natural gas trading opportunities exceed those in power transactions, Srivastava said. "We don't need money to run the gas exchange, clearly, we need partnerships" to expand the market, he said, explaining the reasons for seeking a stake sale.

Still, India needs "a few policy enablers" for the gas market to take off, Srivastava said, and IEX is working with the government on areas including pricing, taxation and transmission to boost the fuel's appeal, he added.

IEX's shares have outperformed India's equity benchmark this year and analysts expect they will continue to do so for the next 12 months, according to data compiled by Bloomberg.

Meanwhile, the electricity sec-

tor is throwing up new growth opportunities, as buyers increasingly avoid being locked into years-long contracts and turn to spot or shorter-term purchases.

Along with an increase in shorter-term contracts, the burgeoning market for exchange-traded power will help the company deliver "double-digit growth" in revenue and profit in each of the next three years, Srivastava said.

Nearly 87 per cent of India's electricity is sold through long-term contracts spanning as many as 25 years. Exchanges get barely 5 per cent of the total share.

Srivastava said that share could rise five-fold in as many years as old contracts expire, regulations change and the exchange rolls out new products such as longer-duration contracts.